

**EXHIBIT 9**

**FILED UNDER SEAL**

In the Matter Of:

*FAIR ISAAC CORPORATION*

vs

*FEDERAL INSURANCE COMPANY, ET AL.*

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*KEVIN HARKIN*

*March 25, 2019*

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HIGHLY CONFIDENTIAL ATTORNEYS' EYES ONLY



## HIGHLY CONFIDENTIAL ATTORNEYS' EYES ONLY

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<p style="text-align: right;">Page 50</p> <p>1 either operational cash or investment or</p> <p>2 custodial cash.</p> <p>3 Q. And are those bank accounts</p> <p>4 organized by -- I'll get something to help us</p> <p>5 with this.</p> <p>6 A. Do you mind if we take five</p> <p>7 minutes?</p> <p>8 Q. Not a problem.</p> <p>9 A. My mouth is starting to get dry. I</p> <p>10 need some water.</p> <p>11 THE VIDEOGRAPHER: Here</p> <p>12 marks the end of file number one.</p> <p>13 MS. KLIEBENSTEIN: Stay</p> <p>14 hydrated. Stay fit.</p> <p>15 THE VIDEOGRAPHER: We're</p> <p>16 going off the record. The time is</p> <p>17 10:05 a.m.</p> <p>18 - - - - -</p> <p>19 (A recess was taken at this time.)</p> <p>20 - - - - -</p> <p>21 THE VIDEOGRAPHER: Here</p> <p>22 marks the beginning of file number two.</p> <p>23 We are back on the record. The time is</p> <p>24 10:24 a.m.</p> <p>25 - - - - -</p>	<p style="text-align: right;">Page 52</p> <p>1 to the complexity of rules?</p> <p>2 A. Yes.</p> <p>3 Q. That we spoke about earlier,</p> <p>4 correct?</p> <p>5 A. Yes.</p> <p>6 Q. Now, let's look at the row entitled</p> <p>7 ADAPT-ABL is the bottom?</p> <p>8 A. Yes.</p> <p>9 Q. Do you see under average number per</p> <p>10 month real-time transactions N/A, do you see</p> <p>11 that as well?</p> <p>12 A. Yes.</p> <p>13 Q. I assume that means not applicable?</p> <p>14 A. Yes.</p> <p>15 Q. Do you know why not applicable is</p> <p>16 in that cell?</p> <p>17 A. I believe ADAPT is no longer being</p> <p>18 used presently.</p> <p>19 Q. And so let's go back up to</p> <p>20 Automated Renewal Process.</p> <p>21 A. Uh-huh.</p> <p>22 Q. I see N/A in that fourth column as</p> <p>23 well, what is the meaning of not applicable in</p> <p>24 that cell?</p> <p>25 A. I don't know the answer to that.</p>
<p style="text-align: right;">Page 51</p> <p>1 (Chart Bates FED-017912_0001 marked</p> <p>2 Harkin Exhibit 406 for identification.)</p> <p>3 - - - - -</p> <p>4 BY MS. KLIEBENSTEIN:</p> <p>5 Q. Mr. Harkin, I have handed you what</p> <p>6 has been marked as Exhibit No. 406. Is</p> <p>7 Exhibit 406 an update to Exhibit 404?</p> <p>8 A. Yes, it is.</p> <p>9 Q. And the changes I see between 404</p> <p>10 and 406 is two rows, two extra rows, one titled</p> <p>11 "ADAPT-ABL" and one titled "User"?</p> <p>12 A. Uh-huh.</p> <p>13 Q. Do you agree with that?</p> <p>14 A. Yes.</p> <p>15 Q. Now, your testimony about the</p> <p>16 meaning of each one of these columns, given</p> <p>17 with respect to 404, is it, would your answers</p> <p>18 be the same for Exhibit 406?</p> <p>19 A. Yes.</p> <p>20 Q. Now, there's one other change that</p> <p>21 I see here in the third column, complexity of</p> <p>22 rules, I see where it's high, medium, low, do</p> <p>23 you see that as well?</p> <p>24 A. Yes.</p> <p>25 Q. Do those words, those words relate</p>	<p style="text-align: right;">Page 53</p> <p>1 Q. What about under the row, in the</p> <p>2 row for TAPS, I also see an N/A. What is --</p> <p>3 A. I don't know the answer to that.</p> <p>4 Q. And Premium Booking, what does the</p> <p>5 N/A mean in the premium book?</p> <p>6 A. I don't know why the N/A is there</p> <p>7 or the meaning of the N/A.</p> <p>8 Q. And the same question for</p> <p>9 Evolution?</p> <p>10 A. I don't know.</p> <p>11 Q. But for ADAPT-ABL, you believe N/A</p> <p>12 is there because that application does not use</p> <p>13 Blaze Advisor?</p> <p>14 A. I believe so.</p> <p>15 Q. And what is the source of your</p> <p>16 information?</p> <p>17 A. I had a conversation with Mike</p> <p>18 Hutchinson in our UK office, and I had a</p> <p>19 conversation with Peta, our head of A&amp;H in</p> <p>20 Australia, who both confirmed that they're no</p> <p>21 longer using the ADAPT application.</p> <p>22 Q. Let's move to EZER, is this, EZER</p> <p>23 in the EU?</p> <p>24 A. Yes.</p> <p>25 Q. And I see an N/A in that fourth</p>

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<p style="text-align: right;">Page 54</p> <p>1 column as well, what is the reason for the N/A</p> <p>2 in that fourth column?</p> <p>3 A. I would have to speculate, I don't</p> <p>4 know.</p> <p>5 MS. JANUS: And I just note</p> <p>6 that the questions that we have been</p> <p>7 going through on the realtime</p> <p>8 transactions are outside the scope of</p> <p>9 the 30(b)(6) notice, but you can</p> <p>10 continue.</p> <p>11 BY MS. KLIEBENSTEIN:</p> <p>12 Q. Is this the sheet you used to</p> <p>13 prepare to testify on topic 13, Exhibit 406?</p> <p>14 A. Yes, it is.</p> <p>15 Q. Let's move back to the reporting</p> <p>16 that we discussed for Legacy Chubb and Chubb</p> <p>17 today. I understood your testimony to be that</p> <p>18 internally, Chubb today reports revenues,</p> <p>19 expenses, losses, et cetera on a</p> <p>20 line-of-business basis?</p> <p>21 A. Correct.</p> <p>22 Q. For expenses, explain to me how</p> <p>23 that collection of information and reporting</p> <p>24 occurs?</p> <p>25 A. Would you mind clarifying your</p>	<p style="text-align: right;">Page 56</p> <p>1 mean?</p> <p>2 A. Bulk would be expenses that are</p> <p>3 incurred in part of running the operations or</p> <p>4 complying with regulatory guidelines that are</p> <p>5 not at the policy level.</p> <p>6 Q. Can those bulk expenses be linked</p> <p>7 to a particular policy?</p> <p>8 A. No. Not typically, no.</p> <p>9 Q. Can those bulk expenses be linked</p> <p>10 to a product type?</p> <p>11 A. They can be.</p> <p>12 Q. Give me an example of a bulk</p> <p>13 expense that could be linked to a product type.</p> <p>14 A. An example would be an</p> <p>15 underwriter's salary who works on a particular</p> <p>16 product.</p> <p>17 Q. On one particular product?</p> <p>18 A. Uh-huh, yes.</p> <p>19 Q. Now, let's say that underwriter</p> <p>20 worked on multiple products, could you then</p> <p>21 attribute that bulk expense to one particular</p> <p>22 product?</p> <p>23 A. You cannot attribute it directly,</p> <p>24 no.</p> <p>25 Q. What other types of bulk expenses</p>
<p style="text-align: right;">Page 55</p> <p>1 question when you say "collection of</p> <p>2 information"?</p> <p>3 Q. I'll try. Can you explain for me</p> <p>4 the accounting methods used to gather and</p> <p>5 report expenses on a line-of-business basis?</p> <p>6 A. So the accounting methods are based</p> <p>7 on an accrual basis for expenses.</p> <p>8 Q. Understood. I think, I'm wondering</p> <p>9 how the expenses are tracked and then fed into</p> <p>10 the accounting system.</p> <p>11 A. The expenses are tracked as</p> <p>12 incurred through a variety of different means.</p> <p>13 Q. Can you tell me about those</p> <p>14 different means?</p> <p>15 A. Sure. So, the means are either</p> <p>16 direct or bulk.</p> <p>17 Q. Explain to me direct expenses?</p> <p>18 A. Direct expenses are expenses that</p> <p>19 attribute at a policy level.</p> <p>20 Q. Can you give me an example?</p> <p>21 A. Commissions.</p> <p>22 Q. What else?</p> <p>23 A. That is probably, that is probably</p> <p>24 it.</p> <p>25 Q. And what about bulk, what does bulk</p>	<p style="text-align: right;">Page 57</p> <p>1 can you think of?</p> <p>2 A. There are premium taxes, licenses,</p> <p>3 or fees.</p> <p>4 Q. What's a premium tax?</p> <p>5 A. A premium tax is a tax levied by</p> <p>6 typical state jurisdictions over premium</p> <p>7 written in that state.</p> <p>8 Q. For any of those bulk expenses, can</p> <p>9 you -- would it be possible to attribute them</p> <p>10 to one particular product line?</p> <p>11 A. Typically not. Unless it's the</p> <p>12 only product line written in that statement.</p> <p>13 Q. What about attributing bulk</p> <p>14 expenses to a line of business, is it possible</p> <p>15 to attribute certain, any bulk expenses to a</p> <p>16 particular line of business?</p> <p>17 A. Some of them.</p> <p>18 Q. Give me an example of a bulk</p> <p>19 expense that you can attribute to a particular</p> <p>20 line of business.</p> <p>21 A. Along the lines of the same example</p> <p>22 I gave before, an underwriter or a series of</p> <p>23 underwriters that write products in those</p> <p>24 lines.</p> <p>25 Q. So those underwriters would only</p>



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<p style="text-align: right;">Page 58</p> <p>1 write products to those lines?</p> <p>2 A. Correct.</p> <p>3 Q. So, three categories I believe you</p> <p>4 mentioned were premium taxes, licenses, and</p> <p>5 fees?</p> <p>6 A. Uh-huh.</p> <p>7 Q. We went through premium taxes.</p> <p>8 Licenses, can you define that for me?</p> <p>9 A. Sure, it's various</p> <p>10 compliance-related licenses that occurs that</p> <p>11 Chubb as an organization would have to pay.</p> <p>12 Q. Give me an example, please?</p> <p>13 A. Producers, producer licensing.</p> <p>14 Q. In the United States, that's</p> <p>15 typically a license fee at the state level,</p> <p>16 right?</p> <p>17 A. Correct.</p> <p>18 Q. And then fees, give me an example</p> <p>19 on the fees?</p> <p>20 A. State assessments.</p> <p>21 Q. Give me an example of a state</p> <p>22 assessment, an assessment for what?</p> <p>23 A. A guarantee fund.</p> <p>24 Q. A guaranteed fund?</p> <p>25 A. Guarantee fund.</p>	<p style="text-align: right;">Page 60</p> <p>1 Q. And what about claims-related</p> <p>2 expenses?</p> <p>3 A. Claims-related expenses are</p> <p>4 operating expenses incurred associated with the</p> <p>5 handling of claims.</p> <p>6 Q. Give me an example, please?</p> <p>7 A. An example would be legal costs</p> <p>8 associated with the defense of a claim.</p> <p>9 Q. So let's take each three of these</p> <p>10 buckets. So for paid losses, how are those</p> <p>11 losses tracked at Chubb? Are they tracked on a</p> <p>12 product basis or a line-of-business basis or</p> <p>13 something else?</p> <p>14 A. The tracking is actually at a claim</p> <p>15 level.</p> <p>16 Q. And reporting is at a</p> <p>17 line-of-business basis, correct?</p> <p>18 A. The reporting is at a</p> <p>19 line-of-business basis.</p> <p>20 Q. What about claims-related expenses?</p> <p>21 A. Claims-related expenses, they are</p> <p>22 tracked, they can be tracked at a claim level.</p> <p>23 They can be bulk.</p> <p>24 Q. Is there a typical rule of thumb as</p> <p>25 to when claims-related expenses are tracked at</p>
<p style="text-align: right;">Page 59</p> <p>1 Q. Guarantee fund. Now, let's talk</p> <p>2 about losses. With the same types of</p> <p>3 questions, how are losses tracked at the Chubb</p> <p>4 company today?</p> <p>5 A. There are several components within</p> <p>6 losses, is there one in particular that I could</p> <p>7 answer?</p> <p>8 Q. What are the components?</p> <p>9 A. So there are paid losses. There</p> <p>10 are reserves. And there are claims-related</p> <p>11 expenses.</p> <p>12 Q. So paid losses, I'm going to</p> <p>13 suspect those are, that's money given to</p> <p>14 customers?</p> <p>15 A. Correct.</p> <p>16 Q. For loss claims?</p> <p>17 A. Correct.</p> <p>18 Q. And what are reserves?</p> <p>19 A. Reserves are liabilities associated</p> <p>20 with future claim payments.</p> <p>21 Q. Give me an example?</p> <p>22 A. Your homeowners example from</p> <p>23 earlier where you had a \$50,000 loss, that</p> <p>24 50,000 would be a reserve until the claims are</p> <p>25 paid.</p>	<p style="text-align: right;">Page 61</p> <p>1 a claim level versus bulk?</p> <p>2 A. The rule of thumb -- typically,</p> <p>3 it's not a rule of thumb, I think it's</p> <p>4 prescribed in accounting guidance, if the</p> <p>5 expense can be directly attributable to a</p> <p>6 claim, it is tracked at that claim level.</p> <p>7 Q. And what about reserves?</p> <p>8 A. Reserves --</p> <p>9 Q. Go ahead?</p> <p>10 A. I'm sorry. I interrupted you,</p> <p>11 sorry.</p> <p>12 Q. How are reserves tracked today?</p> <p>13 A. Reserves are tracked either at a</p> <p>14 claim level or in bulk.</p> <p>15 Q. And would the same principal apply</p> <p>16 the same prescribed rule of thumb, if they can</p> <p>17 be attributed to a claim they're tracked that</p> <p>18 way versus if they cannot be, they're in the</p> <p>19 bulk category?</p> <p>20 A. If a reserve is attributable direct</p> <p>21 to a claim, it is tracked at a claim level.</p> <p>22 Q. Let's talk about pre-merger Chubb</p> <p>23 regarding losses, would those, is the -- was it</p> <p>24 handled the same way?</p> <p>25 A. Yes.</p>

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<p style="text-align: right;">Page 62</p> <p>1 Q. All right.</p> <p>2 MS. KLIEBENSTEIN: Leah, I</p> <p>3 typically have an extra one if you ever</p> <p>4 need one.</p> <p>5 MS. JANUS: Okay, do you</p> <p>6 want to follow along with one?</p> <p>7 THE COURT REPORTER: Yeah,</p> <p>8 please.</p> <p>9 MS. JANUS: Okay. Great.</p> <p>10 Thank you. Are we on 407?</p> <p>11 THE WITNESS: Yes.</p> <p>12 - - - - -</p> <p>13 (Answers to Interrogatories No. 16</p> <p>14 and 7 marked Harkin Exhibit 407 for</p> <p>15 identification.)</p> <p>16 - - - - -</p> <p>17 BY MS. KLIEBENSTEIN:</p> <p>18 Q. Mr. Harkin, are you familiar with</p> <p>19 Exhibit 407?</p> <p>20 A. Yes.</p> <p>21 Q. And did you read this document</p> <p>22 while you were preparing for this deposition?</p> <p>23 A. Yes.</p> <p>24 Q. So, I'm going to start at page 3.</p> <p>25 Let's look at that first table, "For Decision</p>	<p style="text-align: right;">Page 64</p> <p>1 A. The policy count is the number of</p> <p>2 policies that ran through a system using the</p> <p>3 Blaze software.</p> <p>4 Q. And the -- what's the writing</p> <p>5 company?</p> <p>6 A. The writing company is the legal</p> <p>7 entity.</p> <p>8 Q. It's the legal entity that wrote</p> <p>9 the policy?</p> <p>10 A. Correct.</p> <p>11 Q. And would that legal entity have</p> <p>12 received the gross written premium for that</p> <p>13 policy?</p> <p>14 A. When you say "received the gross</p> <p>15 written premium," can you be more specific?</p> <p>16 Q. Sure. Let's just get into it, and</p> <p>17 then I'll ask the questions. So, the writing</p> <p>18 company, I see CICNJ?</p> <p>19 A. Uh-huh, yes.</p> <p>20 Q. Can you tell me what's the full</p> <p>21 name of that writing company?</p> <p>22 A. The Chubb Insurance Company of New</p> <p>23 Jersey.</p> <p>24 Q. And FIC-D?</p> <p>25 A. That is the Federal Insurance</p>
<p style="text-align: right;">Page 63</p> <p>1 Point."</p> <p>2 A. Yes.</p> <p>3 Q. At a 10,000-foot level, what is</p> <p>4 your understanding of the information that's</p> <p>5 contained in that first table titled "For</p> <p>6 Decision Point"?</p> <p>7 A. My understanding is that this is</p> <p>8 gross written premium and policy count</p> <p>9 information by writing company for policies</p> <p>10 that ran through Decision Point and utilized</p> <p>11 the Blaze software.</p> <p>12 Q. And I'm going to ask you some silly</p> <p>13 questions, but we need this for the record.</p> <p>14 "Gross written premium," can you define that</p> <p>15 for me?</p> <p>16 A. Gross written premium is direct</p> <p>17 premium associated with each policy issued.</p> <p>18 Q. So that would, essentially, that's</p> <p>19 the amount of money that a policyholder is</p> <p>20 charged to hold the policy?</p> <p>21 A. That is the amount that a</p> <p>22 policyholder would be charged for an insurance</p> <p>23 policy, yes.</p> <p>24 Q. And "policy count," can you tell me</p> <p>25 what the policy count means?</p>	<p style="text-align: right;">Page 65</p> <p>1 Company.</p> <p>2 Q. And so for the first one, the Chubb</p> <p>3 Insurance Company of New Jersey wrote those 11</p> <p>4 policies?</p> <p>5 A. Yes.</p> <p>6 Q. And so my question was, when the</p> <p>7 customers pay that gross written premium, does</p> <p>8 the Chubb Insurance Company of New Jersey, is</p> <p>9 the check made out to the Chubb Insurance</p> <p>10 Company of New Jersey?</p> <p>11 A. It can vary --</p> <p>12 MS. JANUS: And which topic</p> <p>13 does this -- does that relate to,</p> <p>14 Heather?</p> <p>15 MS. KLIEBENSTEIN: I mean, I</p> <p>16 had put it in six through nine to</p> <p>17 understand how the -- how the financial</p> <p>18 and the costs and accounting methods</p> <p>19 worked.</p> <p>20 MS. JANUS: But that's, I</p> <p>21 mean -- yeah, I just think it's outside</p> <p>22 of the scope, because I view these</p> <p>23 topics as asking for accounting for</p> <p>24 Chubb Corporation and Chubb Limited.</p> <p>25 And I don't even know, honestly, we</p>

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<p style="text-align: right;">Page 114</p> <p>1 A. It is a variety of products</p> <p>2 underneath our middle market distribution that</p> <p>3 are certain marine products, certain</p> <p>4 environmental liability products, certain</p> <p>5 excess liability products, and then a small</p> <p>6 subset of the Legacy ACE financial lines</p> <p>7 products.</p> <p>8 Q. And so what -- under what line of</p> <p>9 business would those Legacy ACE products be put</p> <p>10 into today?</p> <p>11 A. They would be put under the</p> <p>12 commercial insurance segments in the variety of</p> <p>13 lines based on the product.</p> <p>14 Q. The North American Commercial</p> <p>15 Insurance?</p> <p>16 A. North America Commercial segment.</p> <p>17 Q. Segment. And what about the</p> <p>18 Overseas General segment?</p> <p>19 A. No.</p> <p>20 MS. KLIEBENSTEIN: We can</p> <p>21 break, if you would like to. The</p> <p>22 answer is yes.</p> <p>23 THE VIDEOGRAPHER: Here</p> <p>24 marks the end of file number three.</p> <p>25 We're going off the record. The time</p>	<p style="text-align: right;">Page 116</p> <p>1 table, was it gathered and collected in the</p> <p>2 same manner as the information for TAPS in</p> <p>3 Interrogatory No. 16?</p> <p>4 A. It was.</p> <p>5 Q. Moving to page 18. And you have</p> <p>6 the table for the Cornerstone policy for</p> <p>7 written premiums, correct?</p> <p>8 A. Yes.</p> <p>9 Q. And can you tell me at a</p> <p>10 10,000-foot level what information is contained</p> <p>11 in that table?</p> <p>12 A. This is the policy count and</p> <p>13 associated gross written premium and writing</p> <p>14 company of the policies that went through the</p> <p>15 Cornerstone application.</p> <p>16 Q. Now, I've asked you a few times</p> <p>17 whether any policy counts include Legacy ACE</p> <p>18 products. Can you tell me, are there any</p> <p>19 Legacy ACE products that are planned in the</p> <p>20 future to be supported by an application using</p> <p>21 Blaze Advisor?</p> <p>22 A. No.</p> <p>23 Q. No products other than what are</p> <p>24 currently supported by a Blaze Advisor software</p> <p>25 application?</p>
<p style="text-align: right;">Page 115</p> <p>1 is 12:20 p.m.</p> <p>2 - - - -</p> <p>3 (A recess was taken at this time.)</p> <p>4 - - - -</p> <p>5 THE VIDEOGRAPHER: Here</p> <p>6 marks the beginning of file number</p> <p>7 four. We are back on the record. The</p> <p>8 time is 1:07 p.m.</p> <p>9 BY MS. KLIEBENSTEIN:</p> <p>10 Q. All right, Mr. Harkin. We left off</p> <p>11 on page 16 of the Exhibit 407. And for the</p> <p>12 table titled "For TAPS," can you tell me what</p> <p>13 information is reflected in that table?</p> <p>14 A. Yes, it is policy count and written</p> <p>15 premium associated with those policies and</p> <p>16 writing companies for the policies that</p> <p>17 utilized the TAPS application and the Blaze</p> <p>18 software within it.</p> <p>19 Q. And can you tell me what products</p> <p>20 are included in the policy count?</p> <p>21 A. Workers' compensation products.</p> <p>22 Q. And are any of those products</p> <p>23 Legacy ACE products?</p> <p>24 A. No.</p> <p>25 Q. And was the data for this TAPS</p>	<p style="text-align: right;">Page 117</p> <p>1 A. I believe, no, no ACE products are</p> <p>2 being planned to be supported by the Blaze</p> <p>3 Advisor software.</p> <p>4 Q. None other than the ones we've</p> <p>5 talked about?</p> <p>6 A. I believe none.</p> <p>7 Q. So, I just -- just so I understand</p> <p>8 this, when we were talking about the CUW-IM</p> <p>9 underwriting tool, some of the policies were</p> <p>10 for products that are Legacy ACE products,</p> <p>11 correct?</p> <p>12 A. Uh-huh.</p> <p>13 Q. Are you telling that's being phased</p> <p>14 out in the future?</p> <p>15 A. Uh-huh.</p> <p>16 Q. And is that phaseout just happening</p> <p>17 for those Legacy ACE products?</p> <p>18 A. I don't know.</p> <p>19 Q. So, is the CUW-IM application being</p> <p>20 phased out, is there a plan to phase that</p> <p>21 application out in the future?</p> <p>22 A. I don't know.</p> <p>23 Q. You just know that -- strike that.</p> <p>24 So, I'm going to flip away from the</p> <p>25 interrogatories. If I may, I'm going to keep</p>

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<p style="text-align: right;">Page 118</p> <p>1 this larger copy, because it's much -- I have a  2 ton of copying. I can read this one better.  3 MS. JANUS: Is that 409?  4 THE WITNESS: 409, yes, 409,  5 it's what I have.  6 - - - - -  7 (Spreadsheet Bates FED017882_0001  8 to 20 marked Harkin Exhibit 409 for  9 identification.)  10 - - - - -  11 BY MS. KLIEBENSTEIN:  12 Q. Mr. Harkin, are you familiar with  13 this exhibit?  14 A. Yes, I am.  15 Q. Can you tell me at a 10,000-foot  16 level what information is contained in these 21  17 pages of Exhibit 409?  18 A. So, this is written premium, gross  19 written premium, and net written premium, as  20 well as the components of underwriting income  21 for the underlying lines of business within  22 Chubb Specialty Insurance, Chubb Commercial  23 Insurance, as best as we could approximate  24 under the new org structure.  25 Q. So, CSI and CCI no longer exist,</p>	<p style="text-align: right;">Page 120</p> <p>1 this particular deliverable for the U.S. and  2 Canadian business, because as I mentioned  3 earlier, the Chubb Specialty Insurance was  4 worldwide.  5 Q. So, does the data in Exhibit 409,  6 is that U.S. only, or does it include Canada as  7 well?  8 A. It includes Canada as well.  9 Q. Now, when we were looking at  10 Interrogatory No. 17, I recall seeing some  11 companies that looked like they were from  12 Brazil and Mexico. Would Exhibit 409 have the  13 gross written premium and expense data from  14 those entities as well?  15 A. It would have part of that  16 information.  17 Q. And what part would it have?  18 A. So, the part that would have been  19 underwritten out of the U.S., despite the fact  20 that the local issuing company was Mexico or  21 Brazil.  22 Q. So, what part of the data would it  23 have and wouldn't it have?  24 A. It would have the components of  25 data, it just wouldn't have all policies,</p>
<p style="text-align: right;">Page 119</p> <p>1 correct?  2 A. Correct.  3 Q. So, how was the information in this  4 exhibit pulled?  5 A. It was an approximation. It was  6 our best approximation of what the components  7 of the North America Commercial segment would  8 comprise, a current view of Chubb Specialty  9 Insurance.  10 Q. So did you assist in gathering this  11 data?  12 A. My staff gathered the data. I  13 oversaw that process with them.  14 Q. And so what steps did you go  15 through to gather this data?  16 A. The steps varied 2016 versus 2017  17 and 2018. The step in 2016 was to use the  18 Legacy Chubb general ledger, because we had not  19 yet integrated the general ledgers, to pull as  20 best we could the results by class report,  21 which was a control report that Legacy Chubb  22 had used in their normal course that identifies  23 their lines of business, gross net, written  24 premium, and underwriting income by line of  25 business. We then had to filter that report in</p>	<p style="text-align: right;">Page 121</p> <p>1 necessarily. It would have a subset of  2 policies to the extent those policies were  3 underwritten out of the U.S.  4 Q. So, the data in Exhibit 409 is not  5 specific to policies that touch Blaze Advisor  6 in some way; is that right?  7 A. That's correct.  8 Q. And Exhibit 409, this is not a  9 report that's run as part of your typical  10 reporting processes, correct?  11 A. Correct.  12 Q. And it was prepared for this  13 lawsuit?  14 A. Correct.  15 Q. We also, in Interrogatory No. 17,  16 there were also a few writing companies that  17 were Legacy ACE writing companies. Would the  18 policy and premium information from those  19 Legacy ACE companies be reflected in  20 Exhibit 409 as well?  21 A. It would not.  22 Q. Let's take -- you mentioned that  23 there were, you used different methods to  24 gather the data for 2017 and 2018, correct?  25 Can you tell me about the methods used to</p>



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<p style="text-align: right;">Page 122</p> <p>1 gather and compile this document for 2017?</p> <p>2 A. For 2017 and for 2018, the</p> <p>3 methodology was the same. We had identifiers</p> <p>4 that identified the lines of business that were</p> <p>5 Legacy Chubb within the general ledger in the</p> <p>6 aggregate, and pulled only the Legacy Chubb</p> <p>7 identifiers by line.</p> <p>8 Q. Give me an example of the</p> <p>9 identifiers, the identifiers that identify line</p> <p>10 of business, lines of business that were</p> <p>11 related to Chubb.</p> <p>12 A. If you refer to page 6 of the</p> <p>13 exhibit.</p> <p>14 Q. I'm there.</p> <p>15 A. The numbers above the gross written</p> <p>16 premium headers are the identifiers.</p> <p>17 Q. So, 0030011 refers to what?</p> <p>18 A. Chubb middle market directors and</p> <p>19 officers business.</p> <p>20 Q. And so that was a product line that</p> <p>21 existed pre-merger?</p> <p>22 A. Correct.</p> <p>23 Q. Does it exist post-merger?</p> <p>24 A. Yes, it does.</p> <p>25 Q. So when I look at pages 6 and 7 --</p>	<p style="text-align: right;">Page 124</p> <p>1 the beginning and help me understand the</p> <p>2 specific data that's in here. I'll ask you a</p> <p>3 question, hold on. Let me figure it out. So,</p> <p>4 looking at the first two pages, that's for the</p> <p>5 CSI, what was previously named the CSI business</p> <p>6 line, correct?</p> <p>7 A. Correct.</p> <p>8 Q. And then when I look at page 11 of</p> <p>9 Exhibit 407, is there a way for me to link the</p> <p>10 gross written premium dollars for Decision</p> <p>11 Point and CSI EXPRESS to these first three</p> <p>12 pages on Exhibit 409?</p> <p>13 A. Not definitively, no.</p> <p>14 Q. And why is that?</p> <p>15 A. Because the chart on page 11 of the</p> <p>16 interrogatory was an extract from a</p> <p>17 registration system that was able to identify</p> <p>18 policies used on the Blaze software. We do not</p> <p>19 have the ability to generate underwriting</p> <p>20 income information at that level. So, we had</p> <p>21 to do our best to approximate what information</p> <p>22 we had, which is at a line-of-business level.</p> <p>23 Q. So, Chubb doesn't -- doesn't keep</p> <p>24 or generate underwriting income at the product</p> <p>25 level, right?</p>
<p style="text-align: right;">Page 123</p> <p>1 A. Six and seven, yup.</p> <p>2 Q. -- I suppose six, seven, eight, and</p> <p>3 nine, which is the total specialty insurance as</p> <p>4 of December 31st, 2017, data?</p> <p>5 A. Yup.</p> <p>6 Q. That's not going to include any</p> <p>7 Legacy ACE writing information either, correct?</p> <p>8 A. Correct.</p> <p>9 Q. So, why did you pull Legacy Chubb</p> <p>10 only and not Legacy ACE?</p> <p>11 A. The Legacy ACE information is on</p> <p>12 subsets of individual lines. It's not</p> <p>13 necessarily a pure line. It's very difficult</p> <p>14 for us to generate a P&amp;L for products that use</p> <p>15 a certain software. We don't typically have</p> <p>16 that information in the normal course. I would</p> <p>17 note though that there are items on this that</p> <p>18 do not use the Blaze software. So, this is</p> <p>19 probably a little bit conservative.</p> <p>20 Q. Now, for 2018, was the data</p> <p>21 pulled -- explain to me the methodology of</p> <p>22 pulling the data for 2018? Was it different</p> <p>23 than in 2017?</p> <p>24 A. It was the same as 2017.</p> <p>25 Q. All right. So, let's go back to</p>	<p style="text-align: right;">Page 125</p> <p>1 A. Correct.</p> <p>2 Q. And at the policy level?</p> <p>3 A. Correct.</p> <p>4 Q. The interrogatory response lists</p> <p>5 writing companies. Do the writing companies</p> <p>6 overlap between Exhibit 409 and 407?</p> <p>7 A. They do.</p> <p>8 Q. Are all of the writing companies --</p> <p>9 do they match precisely, though? My question</p> <p>10 is, are there -- is there data from more</p> <p>11 writing companies in 409 than are listed in</p> <p>12 407?</p> <p>13 A. In 409, there would be data that</p> <p>14 does not use the Blaze software. To the extent</p> <p>15 they're on a writing company not identified in</p> <p>16 this table, then yes.</p> <p>17 Q. So the data for 409 is -- strike</p> <p>18 that. Is there a way to separate what data is</p> <p>19 Canadian versus U.S.?</p> <p>20 A. I don't believe on the 2016</p> <p>21 information, no. On the 2017 and 2018</p> <p>22 information, yes.</p> <p>23 Q. Is the 2017 and 2018 data just U.S.</p> <p>24 or is it U.S. and Canada?</p> <p>25 A. It's U.S. and Canada.</p>

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<p style="text-align: right;">Page 126</p> <p>1 Q. So, Exhibit 409 reflects</p> <p>2 consolidated financial data for a number of</p> <p>3 writing companies, correct?</p> <p>4 A. Correct.</p> <p>5 Q. And when I use the phrase</p> <p>6 "consolidated financial data," what does that</p> <p>7 phrase mean to you?</p> <p>8 A. It means there are a number of</p> <p>9 writing companies that can be comprised within</p> <p>10 each line of business column that I've</p> <p>11 identified.</p> <p>12 Q. Taking the first three pages of</p> <p>13 409, can you walk me through each column</p> <p>14 header, starting with "D&amp;O By Business Unit</p> <p>15 Code W/W," and explain for me what the phrase</p> <p>16 means and what type of data is reflected below</p> <p>17 the name?</p> <p>18 A. You want me to -- do you want me to</p> <p>19 just walk you through the column header and</p> <p>20 what it is?</p> <p>21 Q. Yes.</p> <p>22 A. Column 1, is our D&amp;O. The business</p> <p>23 unit code is W/W, which signifies worldwide,</p> <p>24 however, the D&amp;O designation is a U.S. and</p> <p>25 Canadian filter applied to it. So, as I was</p>	<p style="text-align: right;">Page 128</p> <p>1 A. I don't know the nature of that</p> <p>2 coverage specifically.</p> <p>3 Q. One that I don't need. I guess I</p> <p>4 should just be thankful. "EHC Medical"?</p> <p>5 A. Executive healthcare.</p> <p>6 Q. "CFS"?</p> <p>7 A. Chubb Financial Solutions.</p> <p>8 Q. "Total Fiduciary"?</p> <p>9 A. Those are our fiduciary policies.</p> <p>10 Q. "Total crime"?</p> <p>11 A. Those are our crime or fidelity</p> <p>12 policies.</p> <p>13 Q. "Total Kidnap Ransom"?</p> <p>14 A. That is another kidnap ransom</p> <p>15 column, it differentiates from the registered</p> <p>16 mail product.</p> <p>17 Q. And "Surety Credit Risk"?</p> <p>18 A. That's our surety, predominantly</p> <p>19 our surety information.</p> <p>20 Q. And so all of the policy types</p> <p>21 that -- or product types that we just</p> <p>22 discussed, those were historically in the</p> <p>23 pre-merger CSI unit?</p> <p>24 A. Correct.</p> <p>25 Q. Where do they fit today?</p>
<p style="text-align: right;">Page 127</p> <p>1 explaining earlier, the Mexico or Brazil</p> <p>2 entities that may have underwriting in the</p> <p>3 U.S., the worldwide filter helps pull them in.</p> <p>4 The U.S. dollar is an indication that this is</p> <p>5 the U.S. dollar currency. The current year to</p> <p>6 date means it's full year 2016 and the "A"</p> <p>7 means actual information.</p> <p>8 Q. So total FI D&amp;O, what does that --</p> <p>9 what do those acronyms stand for?</p> <p>10 A. D&amp;O is our directors and officers</p> <p>11 coverage. FI is for financial institutions.</p> <p>12 Q. And E&amp;O?</p> <p>13 A. Errors and omissions.</p> <p>14 Q. I am going to guess FI E&amp;O is</p> <p>15 financial institution E&amp;O?</p> <p>16 A. Yes.</p> <p>17 Q. And the financial institution, it's</p> <p>18 just a different type of client, right?</p> <p>19 A. It's a different type of client,</p> <p>20 correct. We differentiate that line.</p> <p>21 Q. And EPO?</p> <p>22 A. Employment practices liability.</p> <p>23 Q. "Total Kidnap Ransom Reg. Mail"?</p> <p>24 A. That's registered mail.</p> <p>25 Q. What kind of policy is that?</p>	<p style="text-align: right;">Page 129</p> <p>1 A. They are in our financial lines</p> <p>2 with the exception of surety.</p> <p>3 Q. All right. Now, walk me through</p> <p>4 the meaning of the words in the second column.</p> <p>5 We've talked about written premium before.</p> <p>6 A. What page?</p> <p>7 Q. Very first page.</p> <p>8 A. Okay.</p> <p>9 Q. How does earned premium differ from</p> <p>10 written premium?</p> <p>11 A. So, earned premium is our revenue</p> <p>12 under U.S. GAAP. Written premium is the amount</p> <p>13 that a policyholder will pay on a cash basis.</p> <p>14 The earned premium is the recognized revenue on</p> <p>15 that policy.</p> <p>16 Q. The dollars in the door at that</p> <p>17 time, correct?</p> <p>18 A. No, the recognized revenue.</p> <p>19 Q. Can you explain to me again what</p> <p>20 recognized revenue means?</p> <p>21 A. Under GAAP accounting, you're on an</p> <p>22 accrual basis, not a cash basis.</p> <p>23 Q. Okay. Next row, "Losses and LAE</p> <p>24 Incurred"?</p> <p>25 A. Uh-huh.</p>

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<p style="text-align: right;">Page 130</p> <p>1 Q. What are those?</p> <p>2 A. That is, that is the income</p> <p>3 statement captioned for losses related to</p> <p>4 claims and loss adjustment expenses.</p> <p>5 Q. Can you give me an example of a</p> <p>6 loss adjustment expense?</p> <p>7 A. Legal defense of a claim.</p> <p>8 Q. That's what we talked about</p> <p>9 earlier?</p> <p>10 A. Correct.</p> <p>11 Q. And so those losses are reported at</p> <p>12 the company -- and so the tracking for these</p> <p>13 losses, is that -- on what level are the losses</p> <p>14 tracked that are reflected in this first page,</p> <p>15 on a product level, line of business level?</p> <p>16 A. It's a combination of direct and</p> <p>17 bulk.</p> <p>18 Q. And how is it that you were able to</p> <p>19 connect -- well, let's just take the first</p> <p>20 example under the directors and officers</p> <p>21 column, there's about 220K in losses and --</p> <p>22 A. 220 million.</p> <p>23 Q. Million. In losses and LAE. How</p> <p>24 were you able to connect that 220 million to</p> <p>25 directors -- the D&amp;O, the D&amp;O products?</p>	<p style="text-align: right;">Page 132</p> <p>1 subcategory of D&amp;O under the line of business?</p> <p>2 A. Correct.</p> <p>3 Q. So, commissions, can you tell me</p> <p>4 what type of commissions?</p> <p>5 A. These are policy level commissions.</p> <p>6 Q. Commissions to who?</p> <p>7 A. Agents and brokers.</p> <p>8 Q. And G&amp;A, what does that refer to?</p> <p>9 A. General and administrative</p> <p>10 expenses.</p> <p>11 Q. And what about TLF?</p> <p>12 A. Taxes, licenses, and fees.</p> <p>13 Q. And those are both, are those both</p> <p>14 bulk expenses?</p> <p>15 A. Correct.</p> <p>16 Q. And on what level are they tracked?</p> <p>17 A. We allocate to a line of business</p> <p>18 level.</p> <p>19 Q. When you say "We allocate to a line</p> <p>20 of business level," does that mean they're</p> <p>21 tracked at the line of business level, or that</p> <p>22 they're tracked in a larger bucket and</p> <p>23 apportioned?</p> <p>24 A. They're tracked in a larger bucket</p> <p>25 and apportioned.</p>
<p style="text-align: right;">Page 131</p> <p>1 A. The direct expenses are tracked at</p> <p>2 a policy level, so we can aggregate that to the</p> <p>3 line of business. The bulk reserves are</p> <p>4 allocated at that line of business level.</p> <p>5 Q. And what does that mean, "the bulk</p> <p>6 are allocated at that business level"?</p> <p>7 A. There are direct reserves that are</p> <p>8 associated with an individual claim, and then</p> <p>9 there are bulk reserves for those that are not.</p> <p>10 The bulk reserves that are not attributable to</p> <p>11 an individual claim by definition have to have</p> <p>12 the lowest level of granularity, in this case,</p> <p>13 it's a line of business.</p> <p>14 Q. But the D&amp;O is not a line of</p> <p>15 business, right?</p> <p>16 A. It is, yes, directors and officers.</p> <p>17 Q. I thought CSI was the line of</p> <p>18 business and D&amp;O would be the product. Do I</p> <p>19 have that wrong?</p> <p>20 A. CSI is the segment.</p> <p>21 Q. So, the accounting tracks the bulk</p> <p>22 losses too at the -- so, now I'm confused. So,</p> <p>23 CSI is a segment and D&amp;O is a line of business?</p> <p>24 A. Correct.</p> <p>25 Q. And so, a product would be a</p>	<p style="text-align: right;">Page 133</p> <p>1 Q. Apportioned on what basis?</p> <p>2 A. A variety of bases, depending on</p> <p>3 the nature of the expense.</p> <p>4 Q. So for the -- for the G&amp;A, on the</p> <p>5 G&amp;A expenses, on what basis are those</p> <p>6 apportioned?</p> <p>7 A. It's a variety of bases depending</p> <p>8 on the nature of the expense.</p> <p>9 Q. Give me an example.</p> <p>10 A. I worked in the finance department,</p> <p>11 the expenses for my department, the staff, the</p> <p>12 personnel, the salaries, we do not do any work</p> <p>13 that directly correlates to an individual</p> <p>14 product, so, we allocate our expenses based off</p> <p>15 of the level of gross written premium and/or</p> <p>16 bulk reserve associated with each product.</p> <p>17 Q. So, let me try an example. So</p> <p>18 let's say, let's say D&amp;O was 80 percent of</p> <p>19 Chubb's business.</p> <p>20 A. Uh-huh.</p> <p>21 Q. Under that methodology, would</p> <p>22 80 percent of the finance department's costs</p> <p>23 get assigned or allocated to the D&amp;O line of</p> <p>24 business?</p> <p>25 A. Within the segment, correct.</p>



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<p style="text-align: right;">Page 134</p> <p>1 Q. So, essentially, G&amp;A is a fixed</p> <p>2 cost that gets apportioned in your accounting</p> <p>3 methodology?</p> <p>4 A. It's a fixed -- yes, yes.</p> <p>5 Q. What types of -- what types of</p> <p>6 expenses fall under G&amp;A?</p> <p>7 A. Salaries and benefits for staff</p> <p>8 associated with the North America segments. IT</p> <p>9 expenses for the applications that we use,</p> <p>10 mostly to generate the premium registration,</p> <p>11 and policy administration, and the financial</p> <p>12 reporting. Travel, underwriters travel, any</p> <p>13 specific advertising or consulting costs that</p> <p>14 we may have.</p> <p>15 Q. And what about TLF?</p> <p>16 A. Taxes, licenses, and fees are the</p> <p>17 premium tax where we pay on an individual state</p> <p>18 basis, and we allocate as best we can to the</p> <p>19 products within that state.</p> <p>20 Q. We talked about those before, and</p> <p>21 so your same testimony about --</p> <p>22 A. Same testimony applies.</p> <p>23 Q. About those would apply. Now</p> <p>24 expenses incurred. How is -- what's in that</p> <p>25 bucket?</p>	<p style="text-align: right;">Page 136</p> <p>1 between the net written premium and the gross</p> <p>2 written premium.</p> <p>3 A. The net is the premium net of</p> <p>4 reinsurance.</p> <p>5 Q. And what -- I am not an insurance</p> <p>6 guru. What does that mean, "net of</p> <p>7 reinsurance"?</p> <p>8 A. Reinsurance payments, reinsurance</p> <p>9 premium payments are a reduction of our gross</p> <p>10 written premium.</p> <p>11 Q. Give me an example of that.</p> <p>12 A. Of a reinsurance payment? It would</p> <p>13 be payment to a reinsurer under an established</p> <p>14 reinsurance treaty that we have.</p> <p>15 Q. So, like another company?</p> <p>16 A. It would be to another company.</p> <p>17 Q. And so, what about earned premium,</p> <p>18 what's the difference between the net premium,</p> <p>19 earned premium, and the gross earned premium?</p> <p>20 A. Same difference, it's net of</p> <p>21 reinsurance.</p> <p>22 Q. And where is the reinsurance data</p> <p>23 in this table?</p> <p>24 A. The reinsurance data is simply just</p> <p>25 the difference between the two.</p>
<p style="text-align: right;">Page 135</p> <p>1 A. It's a sum of the two rows above</p> <p>2 it.</p> <p>3 Q. And what is underwriting gain or</p> <p>4 loss?</p> <p>5 A. That is the underwriting profit of</p> <p>6 that particular product. It is the earned</p> <p>7 premium minus the loss and LAE incurred, minus</p> <p>8 the expenses incurred.</p> <p>9 Q. And what information is in the</p> <p>10 combined ratio?</p> <p>11 A. The combined ratio is the summation</p> <p>12 of the loss ratio and the expense ratio.</p> <p>13 Q. So, 69.6 percent, that's a combined</p> <p>14 ratio of the loss ratio with the expense ratio?</p> <p>15 A. Correct.</p> <p>16 Q. And so, would it be the lower or</p> <p>17 the higher combined ratio that reflects a more</p> <p>18 profitable line of business?</p> <p>19 A. Typically, a lower combined ratio</p> <p>20 would reflect a higher profit.</p> <p>21 Q. Now, looking down below, we have</p> <p>22 net instead of gross for the same buckets of</p> <p>23 information.</p> <p>24 A. Uh-huh.</p> <p>25 Q. Explain to me the difference</p>	<p style="text-align: right;">Page 137</p> <p>1 Q. Okay. And so, when it comes to</p> <p>2 losses and LAE incurred, how is that -- I</p> <p>3 notice that the net is lower than the gross.</p> <p>4 If the difference between the net and the gross</p> <p>5 is this reinsurance, these reinsurance figures,</p> <p>6 how -- how are the losses and the LAE reduced</p> <p>7 as well?</p> <p>8 A. The reinsurance as it relates to</p> <p>9 premium is a payment, therefore, a reduction in</p> <p>10 premium. The reinsurance as it relates to loss</p> <p>11 and recoveries, therefore, a reduction in your</p> <p>12 net loss.</p> <p>13 Q. Based on recoveries?</p> <p>14 A. Based on recoveries.</p> <p>15 Q. And I notice that G&amp;A and TLF also</p> <p>16 went down in the net group. Explain that</p> <p>17 reduction for me as well.</p> <p>18 A. That's ever so slightly.</p> <p>19 Occasionally, you are able to recover certain</p> <p>20 expenses under a reinsurance policy. It's</p> <p>21 rare. So, the difference between the two</p> <p>22 should not be much.</p> <p>23 Q. And based on the data that we have</p> <p>24 right before us in 409, we can't tell if that</p> <p>25 reduction on any policy would have been for a</p>

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<p style="text-align: right;">Page 162</p> <p>1 difficult for him to pull it the first time</p> <p>2 around. I don't have more specifics,</p> <p>3 unfortunately, on that.</p> <p>4 Q. So, you mentioned complication of</p> <p>5 the matter relative to how the integration</p> <p>6 occurred in the UK.</p> <p>7 A. Uh-huh.</p> <p>8 Q. What integration?</p> <p>9 A. I mentioned earlier that the Chubb</p> <p>10 Insurance Company of Europe is now part of the</p> <p>11 Chubb European Group. It was kind of combined</p> <p>12 under one umbrella. As I'm aware, the Federal</p> <p>13 Insurance Company UK branch, I believe had</p> <p>14 integration activity with it as well, although</p> <p>15 I don't know the specifics of it.</p> <p>16 Q. So, who does Mr. Hutchinson work</p> <p>17 for?</p> <p>18 A. He's the systems director in</p> <p>19 London, so he reports up through our Overseas</p> <p>20 General segment.</p> <p>21 Q. And is the EZER application,</p> <p>22 what -- the magnitude of difference just seems</p> <p>23 large to me, so I'm just trying to figure out</p> <p>24 why the difference. And he didn't mention</p> <p>25 anything to you about pulling the responses a</p>	<p style="text-align: right;">Page 164</p> <p>1 BY MS. KLIEBENSTEIN:</p> <p>2 Q. I'm handing you what has been</p> <p>3 marked as Exhibit 413.</p> <p>4 A. Uh-huh, yes.</p> <p>5 Q. Are you familiar with this</p> <p>6 document?</p> <p>7 A. Yes.</p> <p>8 Q. What is this document?</p> <p>9 A. This is an attempt by the</p> <p>10 controller, Paul Johnston, of our Chubb</p> <p>11 European Group to demonstrate the written</p> <p>12 premium and components of underwriting as it</p> <p>13 relates to our accident and health and Chubb</p> <p>14 Specialty products running through,</p> <p>15 historically run through the EZER and/or ADAPT</p> <p>16 application.</p> <p>17 Q. Does this data include data from</p> <p>18 the United Kingdom?</p> <p>19 A. Yes.</p> <p>20 Q. So, similar to what we did with the</p> <p>21 other spreadsheet, let's walk through the</p> <p>22 acronyms and the rows and the columns so that I</p> <p>23 can understand what data is reflected in it.</p> <p>24 So at the top, I see "X CCI"?</p> <p>25 A. Uh-huh.</p>
<p style="text-align: right;">Page 163</p> <p>1 second time?</p> <p>2 A. He may have in the middle, in the</p> <p>3 prep session. I don't recall specifically the</p> <p>4 rationale. I would say, you know, point of</p> <p>5 magnitude on the difference though is, you</p> <p>6 know, a few million dollars and less than 100</p> <p>7 policies. Relatively speaking, it's a</p> <p>8 generally small amount for that particular</p> <p>9 segment.</p> <p>10 Q. So, does the EZER application, does</p> <p>11 that application still interface with the</p> <p>12 branch of Federal Insurance Company that</p> <p>13 operates in the UK?</p> <p>14 A. I don't believe so, no.</p> <p>15 Q. Has it been retired?</p> <p>16 A. I don't know that formally.</p> <p>17 Q. What about for the Chubb European</p> <p>18 Group, does the EZER application interface</p> <p>19 with --</p> <p>20 A. I don't believe so.</p> <p>21 Q. Okay.</p> <p>22 - - - - -</p> <p>23 (Chart Bates FED017885_0001 marked</p> <p>24 Harkin Exhibit 413 for identification.)</p> <p>25 - - - - -</p>	<p style="text-align: right;">Page 165</p> <p>1 Q. What does that row of words</p> <p>2 acronyms mean?</p> <p>3 A. Sure. That's excluding Chubb</p> <p>4 Commercial Insurance, the old Legacy Chubb</p> <p>5 segments. Duncanson &amp; Holt, Duncanson &amp; Holt</p> <p>6 is an affiliation that they have to write</p> <p>7 business with our Lloyd's partners in London.</p> <p>8 High network that is personal lines business,</p> <p>9 surety business, and political risk.</p> <p>10 Q. And what's "CICE plus Federal"?</p> <p>11 A. CICE is the Chubb Insurance Company</p> <p>12 of Europe, and Federal is the UK branch of the</p> <p>13 Federal Insurance Company.</p> <p>14 Q. Do you know what writing company's</p> <p>15 written premium data is reflected in here?</p> <p>16 A. It would be the UK branch of the</p> <p>17 Federal Insurance Company or the Chubb</p> <p>18 Insurance Company of Europe, as best they could</p> <p>19 approximate.</p> <p>20 Q. Was this document prepared for this</p> <p>21 lawsuit?</p> <p>22 A. Yes, it was.</p> <p>23 Q. Does it otherwise exist in the</p> <p>24 ordinary course of business?</p> <p>25 A. No, it does not.</p>

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<p style="text-align: right;">Page 166</p> <p>1 Q. Is it possible to align any of the</p> <p>2 gross written premium dollars to policies that</p> <p>3 touch Blaze Advisor?</p> <p>4 A. No. It is an approximation as best</p> <p>5 they could to show the premium dollars within</p> <p>6 each line and then the -- derived under running</p> <p>7 income.</p> <p>8 Q. So, the gross written premium</p> <p>9 dollars, the lowest level of reporting is a</p> <p>10 line of business?</p> <p>11 A. In this particular instance, it is</p> <p>12 a line of business for the Chubb Specialty</p> <p>13 Insurance.</p> <p>14 Q. So, I see A&amp;H and I see CSI. Those</p> <p>15 are segments, not lines of business, right?</p> <p>16 The lines of business are things like D&amp;O --</p> <p>17 A. A&amp;H is a -- in the UK, A&amp;H is a</p> <p>18 line of business.</p> <p>19 Q. Okay.</p> <p>20 A. CSI is a segment.</p> <p>21 Q. And for CSI, in 2016, that was no</p> <p>22 longer a segment of the Chubb Company's</p> <p>23 business, right?</p> <p>24 A. Correct.</p> <p>25 Q. It would have been under the</p>	<p style="text-align: right;">Page 168</p> <p>1 Q. If I subtract gross from net, do I</p> <p>2 end up at reinsurance?</p> <p>3 A. Yes.</p> <p>4 Q. On the left-hand side, we talked</p> <p>5 about written premium before.</p> <p>6 A. Uh-huh.</p> <p>7 Q. What does "UPR FLUCN" refer to?</p> <p>8 A. It stands for UPR fluctuation.</p> <p>9 Q. And what is that?</p> <p>10 A. It is the change in the unearned</p> <p>11 premium reserve.</p> <p>12 Q. Change based on what?</p> <p>13 A. The time period. So, in this</p> <p>14 particular instance, the beginning of 2016 to</p> <p>15 the end of 2016.</p> <p>16 Q. Is that based on currency</p> <p>17 fluctuations?</p> <p>18 A. No, it's based off the GAAP accrual</p> <p>19 method of accounting.</p> <p>20 Q. Is that a -- this may not be the</p> <p>21 right phrase to use, but is that fluctuation a</p> <p>22 direct or a bulk line item?</p> <p>23 A. It's a direct line item.</p> <p>24 Q. Because you can associate it</p> <p>25 directly with a particular policy; is that</p>
<p style="text-align: right;">Page 167</p> <p>1 Overseas General?</p> <p>2 A. Correct.</p> <p>3 Q. So, how does the data in this</p> <p>4 table -- what were the steps in gathering this</p> <p>5 data?</p> <p>6 A. So, Legacy Chubb information, so</p> <p>7 they pulled the data, the written premium data</p> <p>8 from a Legacy Chubb source, the same source</p> <p>9 that we used in the U.S. for 2016, but not</p> <p>10 filtering to U.S. and Canada, filtering to the</p> <p>11 UK.</p> <p>12 Q. The UK or Europe in general?</p> <p>13 A. I believe Europe in general, but I</p> <p>14 can't confirm that definitively.</p> <p>15 Q. And the reason I ask is because,</p> <p>16 correct me if I am wrong, is the ADAPT program</p> <p>17 used in Europe?</p> <p>18 A. The ADAPT program, as far as I'm</p> <p>19 aware, is not currently used at all.</p> <p>20 Q. And so A&amp;H is a line of business</p> <p>21 and that refers to accident and health, right?</p> <p>22 A. Correct.</p> <p>23 Q. And then we've got three columns,</p> <p>24 gross, net, and reinsurance?</p> <p>25 A. Correct.</p>	<p style="text-align: right;">Page 169</p> <p>1 right?</p> <p>2 A. Correct.</p> <p>3 Q. And earned premium, we've talked</p> <p>4 about that before.</p> <p>5 A. Uh-huh.</p> <p>6 Q. Incurred loss, tell me what --</p> <p>7 what's an incurred loss?</p> <p>8 A. Within incurred losses are the</p> <p>9 components of paid losses, reserves, and loss</p> <p>10 adjustment expenses.</p> <p>11 Q. And we've talked about those</p> <p>12 before, correct?</p> <p>13 A. Correct.</p> <p>14 Q. And so, the paid losses, can you --</p> <p>15 those are direct expenses, correct?</p> <p>16 A. The paid losses are direct</p> <p>17 expenses.</p> <p>18 Q. What about reserves?</p> <p>19 A. They're either direct or bulk,</p> <p>20 depending on the reserve.</p> <p>21 Q. But from this, from this</p> <p>22 spreadsheet, we can't tell?</p> <p>23 A. Correct.</p> <p>24 Q. And then loss adjustment expenses</p> <p>25 are bulk. And is the accounting methodology, I</p>

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<p style="text-align: right;">Page 206</p> <p>1 than 50 percent?</p> <p>2 A. It's less than 50 percent.</p> <p>3 Q. Do you know what percentage of</p> <p>4 products from the PRS business unit ran through</p> <p>5 Evolution?</p> <p>6 A. I do not.</p> <p>7 Q. Do you know if it's greater or less</p> <p>8 than 50 percent?</p> <p>9 A. It's greater than 50 percent.</p> <p>10 Q. Is it 100 percent or less?</p> <p>11 A. It's less than 100 percent, I</p> <p>12 believe.</p> <p>13 Q. Looking at the second bullet on</p> <p>14 page 3, it says "The Broker Site application is</p> <p>15 a front-end quoting system with an integrated</p> <p>16 database with Evolution." Does that simply</p> <p>17 mean that the Broker Site application and the</p> <p>18 Evolution application share a database?</p> <p>19 A. Yes.</p> <p>20 Q. And are you familiar with the Work</p> <p>21 Manager component?</p> <p>22 A. At a 10,000-foot level, I'm</p> <p>23 familiar with it, yes.</p> <p>24 Q. Tell me what you understand the</p> <p>25 Work Management component to be?</p>	<p style="text-align: right;">Page 208</p> <p>1 to a customer, and then they accept the policy,</p> <p>2 what happens then?</p> <p>3 A. It would go back through the</p> <p>4 Evolution database and into the registration</p> <p>5 systems.</p> <p>6 Q. So, it's kind of a circle?</p> <p>7 A. Yes.</p> <p>8 Q. So, Broker Site will quote,</p> <p>9 customer accepts or doesn't accept, and if the</p> <p>10 customer accepts, then the policy is routed</p> <p>11 through Evolution?</p> <p>12 A. Correct.</p> <p>13 Q. So, the same policy that touches,</p> <p>14 the same policy that is generated by Broker</p> <p>15 Site could then touch the Evolution --</p> <p>16 A. Correct.</p> <p>17 Q. -- application? Looking down at</p> <p>18 the -- looking at the table at the bottom of</p> <p>19 page 3, can you tell me what information is</p> <p>20 reflected in that table?</p> <p>21 A. The information reflected in that</p> <p>22 table are policies that would have run through</p> <p>23 the Broker Site application and are identical</p> <p>24 to the policies that run through the Evolution</p> <p>25 application above it.</p>
<p style="text-align: right;">Page 207</p> <p>1 A. It is a workflow tool used in the</p> <p>2 renewal process, personal lines policies.</p> <p>3 Q. And is the Work Manager component</p> <p>4 part of the Evolution application?</p> <p>5 A. Yes.</p> <p>6 Q. And what database does Broker Site</p> <p>7 and Evolution share?</p> <p>8 A. It's the underlying policy</p> <p>9 database.</p> <p>10 Q. And what information is stored in</p> <p>11 that underlying policy database?</p> <p>12 A. The policies that would have flown</p> <p>13 through the Broker Site and/or Evolution system</p> <p>14 or application.</p> <p>15 Q. I see three sentences in though, it</p> <p>16 says "Accordingly, there are no policies issued</p> <p>17 or gross written premium generated by the</p> <p>18 Broker Site application."</p> <p>19 A. Correct.</p> <p>20 Q. So Broker Site quotes --</p> <p>21 A. Correct.</p> <p>22 Q. -- policies. So, it doesn't issue</p> <p>23 the policies, is that the distinction?</p> <p>24 A. Correct.</p> <p>25 Q. So, if Broker Site quotes a policy</p>	<p style="text-align: right;">Page 209</p> <p>1 Q. So, for the policies that are</p> <p>2 quoted by Broker Site, we've talked about --</p> <p>3 the policies that are quoted through Broker</p> <p>4 Site, once they're accepted, do all of them</p> <p>5 then go through Evolution or just some of them?</p> <p>6 A. I don't know the answer to that.</p> <p>7 Q. And for the policy count out of the</p> <p>8 Evolution application, do any of those, are any</p> <p>9 of those policies based on products that were</p> <p>10 Legacy ACE products?</p> <p>11 A. No.</p> <p>12 Q. And how do you know that?</p> <p>13 A. Legacy ACE prior to the acquisition</p> <p>14 had minimal to no personalized products in</p> <p>15 Canada.</p> <p>16 Q. And for the Evolution chart, are</p> <p>17 renewals included in that data?</p> <p>18 A. Yes.</p> <p>19 - - - - -</p> <p>20 (Chart Bates FED17883_0001 to 0004</p> <p>21 marked Harkin Exhibit 418 for</p> <p>22 identification.)</p> <p>23 - - - - -</p> <p>24 BY MS. KLIEBENSTEIN:</p> <p>25 Q. I'm handing you what has been</p>



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<p style="text-align: right;">Page 210</p> <p>1 marked as Exhibit 418. Have you seen this</p> <p>2 document before?</p> <p>3 A. I have.</p> <p>4 Q. What is it?</p> <p>5 A. This is a profit and loss</p> <p>6 underwriting components, gross and net written</p> <p>7 premium for all personal lines products in</p> <p>8 Canada for the second half of 2015, 2016, 2017,</p> <p>9 and 2018.</p> <p>10 Q. And is that the same as the PRS</p> <p>11 business unit in Canada?</p> <p>12 A. Correct.</p> <p>13 Q. Is this chart limited to gross</p> <p>14 written premium that touched Blaze Advisor in</p> <p>15 Canada?</p> <p>16 A. No.</p> <p>17 Q. Now, how does 418 reconcile with</p> <p>18 409, if at all?</p> <p>19 A. 409 does not have any of our</p> <p>20 personal lines of business. So, it does not</p> <p>21 reconcile at all.</p> <p>22 Q. So, how was the -- how was the data</p> <p>23 in this spreadsheet gathered?</p> <p>24 A. The data was gathered in a similar</p> <p>25 manner as 409. The first page, which is the</p>	<p style="text-align: right;">Page 212</p> <p>1 that includes both the direct component of</p> <p>2 losses and the bulk component of losses.</p> <p>3 Q. So, for the direct component, how</p> <p>4 was that -- can we tell from this spreadsheet</p> <p>5 what percentage was the direct component versus</p> <p>6 the bulk component?</p> <p>7 A. Not from this spreadsheet, no.</p> <p>8 Q. And is that true for all of the</p> <p>9 losses in LAE incurred in this spreadsheet?</p> <p>10 A. In this spreadsheet, yes.</p> <p>11 Q. Would there be data somewhere that</p> <p>12 could make that determination for us, what</p> <p>13 percentage of the losses in LAE incurred were</p> <p>14 direct versus bulk?</p> <p>15 A. That data exists.</p> <p>16 Q. Now, moving to the total expenses,</p> <p>17 what expenses are under that category?</p> <p>18 A. There's a sub-breakout below it</p> <p>19 with an arrow going down. Commissions, taxes,</p> <p>20 licenses and fees, and A&amp;G is the same,</p> <p>21 administrative and general expense.</p> <p>22 Q. So the commission incurred is a</p> <p>23 direct expense, correct?</p> <p>24 A. Correct.</p> <p>25 Q. What about supplemental commission?</p>
<p style="text-align: right;">Page 211</p> <p>1 second half of 2015, was pulled out of the</p> <p>2 Legacy Chubb ledger system in their -- in their</p> <p>3 report as part of the normal course. Beginning</p> <p>4 in 2016, they used the unique identifier to</p> <p>5 establish the personal lines, Legacy Chubb</p> <p>6 Canada business within the consolidated ledger.</p> <p>7 And they pulled information for the personal</p> <p>8 lines segment in Canada in total.</p> <p>9 Q. Moving down to the -- well, let's</p> <p>10 talk about reinsurance. How does the</p> <p>11 reinsurance component factor into this table?</p> <p>12 A. The difference between the gross</p> <p>13 written premium and the net written premium is</p> <p>14 the applicable reinsurance.</p> <p>15 Q. And net earned premium is what</p> <p>16 again?</p> <p>17 A. The net earned premium is the gross</p> <p>18 earned premium reflecting the reduction for</p> <p>19 reinsurance already.</p> <p>20 Q. Okay. And total losses in LAE</p> <p>21 incurred, how -- let's talk for the homeowners</p> <p>22 product line, 28 million, how is that</p> <p>23 calculated?</p> <p>24 A. So, that is a number that is net of</p> <p>25 reinsurance recoveries. And it is the number</p>	<p style="text-align: right;">Page 213</p> <p>1 A. That is a bulk commission.</p> <p>2 Q. And what about taxes, licenses, and</p> <p>3 fees in Canada, is that a bulk?</p> <p>4 A. That's a bulk number.</p> <p>5 Q. So let's look at the further</p> <p>6 breakout of A&amp;G.</p> <p>7 A. Uh-huh.</p> <p>8 Q. Are all of these expenses listed</p> <p>9 under that further breakout of A&amp;G bulk</p> <p>10 expenses?</p> <p>11 A. They are bulk expenses, yes.</p> <p>12 Q. So they can't be allocated to a</p> <p>13 particular gross written premium?</p> <p>14 A. Not definitively, no.</p> <p>15 Q. And so for these expenses, again,</p> <p>16 taking the homeowners, how were these expense</p> <p>17 figures calculated for the homeowners line of</p> <p>18 business?</p> <p>19 A. The expenses were a combination of</p> <p>20 the direct expenses or the bulk expenses, which</p> <p>21 were then allocated to the homeowners line.</p> <p>22 Q. Now, let's take advertising and</p> <p>23 marketing, 92,000. How -- I presume there's a</p> <p>24 larger number for advertising and marketing</p> <p>25 for -- actually, who is the writing company for</p>